

Message Text

LIMITED OFFICIAL USE

PAGE 01 BANGUI 01721 01 OF 02 141345Z

46

ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 ITC-01 IO-13 DOTE-00 DODE-00 PA-01 PRS-01

/095 W

----- 103487

R 141022Z SEP 76

FM AMEMBASSY BANGUI

TO SECSTATE WASHDC 7619

INFO AMEMBASSY LIBREVILLE

AMEMBASSY YAOUNDE

AMEMBASSY NDJAMENA

LIMITED OFFICIAL USE SECTION 1 OF 2 BANGUI 1721

E.O. 11652: N/A

TAGS: ETRD, PFOR, CD, CF, CT, GB

SUBJECT: CHADIAN RE-ENTRY INTO UDEAC

REF: A. NDJAMENA 2092 B. YAOUNDE 2744

1. SUMMARY: CHADIAN RE-ENTRY INTO UDEAC IS CONTINGENT UPON SATISFACTION OF CONDITIONS ESTABLISHED BY BOTH SIDES. CHAD INSISTS UPON ASSURANCES OF EQUITABLE TREATMENT WITH RESPECT TO INDUSTRIALIZATION POLICIES, CUSTOMS REVENUE, INTERNAL FREE TRANSPORT SYSTEM, AND DISTRIBUTION OF THE SOLIDARITY FUNDS. UDEAC SECRETARIAT MAINTAINS THAT CHADIAN CONDITIONS CAN BE FULFILLED UNDER EXISTING PROCEDURES AND INSISTS THAT CHAD ACCEPT EXISTING SYSTEMS OF DISTRIBUTION OF INVESTMENT AND INTERNAL REVENUE, ALONG WITH COOPERATION WITH VARIOUS INTEGRATION AND HARMONIZATION ACCORDS. END SUMMARY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BANGUI 01721 01 OF 02 141345Z

2. EMBOFF HAS REVIEWED UDEAC DOCUMENTS EXPANDING ON

POINTS RAISED REFTEL (A) REGARDING CHADIAN CONDITIONS FOR RE-ENTRY INTO UDEAC AND THE REACTION OF UDEAC TO THESE.

3. MAJOR THEMES OF CHADIAN RE-ENTRY CONDITIONS INVOLVE ACHIEVEMENT OF EQUAL TREATMENT FOR ALL STATES IN UDEAC IN FOUR MAJOR AREAS: (A) INDUSTRIALIZATION POLICY: (I) CURRENT PROJECTS IN OPERATION IN CHAD AND SPECIAL RELATIONSHIPS ESTABLISHED WITH NON-UDEAC NATIONS MUST BE EXEMPTED FROM UDEAC SYSTEM OF DISTRIBUTING INDUSTRIAL PROJECTS; (II) CHADIAN INDUSTRIES DESIGNATED BY GOC MUST BE EXCLUDED FROM UDEAC TAXATION SYSTEM; (III) DISTRIBUTION OF NEW INDUSTRIES AND EXTERNAL INVESTMENT MUST TAKE ACCOUNT OF PROBLEMS OF CHADIAN LANDLOCKED POSITION AND DOMESTIC UNEMPLOYMENT AND NOT FOLLOW STRICT TECHNICAL DISTRIBUTION FORMULAE. (B) CUSTOMS REVENUE: (I) SOME FORM OF REIMBURSEMENT MUST BE MADE FOR LOSS OF CFA 1 BILLION RESULTING FROM LOWERING OF CHADIAN TARIFF RATES WHICH ARE CURRENTLY 5-15 PERCENT HIGHER THAN THOSE OF UDEAC; (II) COMPENSATION MUST BE PROVIDED FOR STRONG DISEQUILIBRIA IN CHADIAN DOMESTIC PRODUCTION PATTERNS RESULTING FROM TARIFF REMOVALS; (III) COMPLEMENTARY TAXATION SYSTEM (IMPOSED AD HOC ON CONSUMER GOODS FROM NON-UDEAC NATIONS) CANNOT BE USED AS PANACEA FOR REVENUE PROBLEMS SINCE LONG CHADIAN BORDERS WITH NIGER, NIGERIA, SUDAN AND LIBYA ARE DIFFICULT TO PATROL. (C) INTERNAL FREE TRANSPORT SYSTEM: (I) PROMPT REMITTANCE AND PROPER DISTRIBUTION OF DUTY REVENUE MUST BE ACHIEVED AMONG MEMBERS; (II) COMPENSATION MUST BE PROVIDED WHEN CHANGES IN CHADIAN TRADING PATTERNS ARE DISADVANTAGEOUS TO CHADIAN INDUSTRY; (III) UDEAC MUST CHANGE EMPHASIS AWAY FROM PORT DEVELOPMENT TOWARDS IMPROVEMENT OF OVERLAND TRANSPORT SYSTEMS. (D) SOLIDARITY FUNDS: UDEAC MUST ESTABLISH GROUND RULES INSURING EQUITABLE DISTRIBUTION.

4. UDEAC SECRETARIAT HAS RESPONDED SPECIFICALLY TO EACH OF THESE POINTS, STRESSING THAT CHADIAN DEMANDS CAN BE SATISFIED UNDER EXISTING PROCEDURES: (A) INDUSTRIALIZATION POLICY: NEW UDEAC POSITION ON DISTRIBUTION OF NEW INVESTMENT PROVIDES CONSIDERATION OF POLITICAL AS WELL AS TECHNICAL ISSUES. AS OF DECEMBER 1975, EXISTING AND PROSPECTIVE INDUSTRIES ARE TO BE CONSIDERED QTE COMMUNITY INDUSTRIES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BANGUI 01721 01 OF 02 141345Z

UNQTE IF THEY CONFORM TO SPECIFIC CRITERIA RELATED TO (I) TECHNICAL COMPLEMENTARITY AMONG UDEAC NATIONS, (II) DEGREE AND NATURE OF NATURAL RESOURCE EXPLOITATION, (III) DEGREE AND NATURE OF MARKETS INVOLVED AND POTENTIAL MARKET CREATION, (IV) DIMENSION OF INVESTMENTS; (V) PROFIT-EARNING CAPACITY (VI) DEGREE OF LOCAL LABOR EMPLOYED AND (VII) DIFFERENTIAL EFFECT UPON LANDLOCKED AND COASTAL NATIONS. COMMUNITY STATUS ALLOWS PRIVILEGED CREDIT FROM BDEAC, UDEAC SUPPORT

FOR FEASIBILITY STUDIES, 50 PERCENT UDEAC FINANCING FOR QTE
PROJECTS OF A REGIONAL NATURE UNQTE, AND QTE GENERAL ADVANTAGES
OF INDUSTRIAL AND COMMERCIAL COOPERATION UNQTE. ALL COMMUNITY
INDUSTRIES ARE DISTRIBUTED BY INDIVIDUAL STATES WITH APPROVAL
OF UDEAC. (B) CUSTOMS REVENUE: REVENUE LOST BY ADOPTING
UDEAC TAXATION SYSTEM COULD BE MADE UP UNDER COMPLEMENTARY TAX
SYSTEM. THIS COULD ALSO ENCOURAGE DOMESTIC IMPORT SUBSTITU-
TION FOR GOODS FROM OUTSIDE UDEAC. (C) INTERNAL FREE TRANS-
PORT SYSTEM: BASIC TRADING PATTERNS OF CHAD WOULD NOT BE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BANGUI 01721 02 OF 02 141344Z

46

ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 IO-13 ITC-01 DOTE-00 DODE-00 PA-01 PRS-01

/095 W

----- 103478

R 141022Z SEP 76

FM AMEMBASSY BANGUI

TO SECSTATE WASHDC 7620

INFO AMEMBASSY LIBREVILLE

AMEMBASSY YAOUNDE

AMEMBASSY NDJAMENA

LIMITED OFFICIAL USE SECTION 2 OF 2 BANGUI 1721

FUNDAMENTALLY CHANGED BY CHAD'S RE-ENTRY. TO COMBAT PROBLEMS
OF LANDLOCKED POSITION, CHAD SHOULD INVOLVE ITSELF WITH TRANS-
PORT IMPROVEMENT PROJECTS OF UDEAC. (D) SOLIDARITY FUNDS:
FUNDS ARE DISTRIBUTED ACCORDING TO DECISION OF CHIEFS OF
STATE, WITH AMOUNTS AND GENERAL DISTRIBUTION PATTERNS DETER-
MINED ANNUALLY AT COUNCIL OF STATE.

5. NOTING THE ABOVE POINTS, UDEAC SECRETARIATE HAS ESTABLISHED
ITS OWN SET OF CONDITIONS FOR CHADIAN RE-ENTRY: (A) CHAD MUST

ACCEPT COMMON EXTERIOR TARIFF AND RE-ESTABLISH FREE TRADE SYSTEM WITHIN UDEAC ZONE; (2) CHAD MUST SUBMIT TO EXISTING SYSTEMS OF DISTRIBUTING SOLIDARITY FUNDS AND EXTERNAL INVESTMENT; (3) CHAD MUST ACCEPT A NUMBER OF INTEGRATION MEASURES, INCLUDING A COMMON INVESTMENT CODE, FISCAL HARMONIZATION, CODE FOR DEALING WITH MULTINATIONAL CONCERNS AND COMPATABILITY OF CHADIAN DEVELOPMENT PLANS WITH OTHER UDEAC MEMBERS; AND (4) CHAD MUST PARTICIPATE IN VARIOUS COMMUNITY ORGANIZATIONS, INCLUDING SECRETARIAT GENERAL, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BANGUI 01721 02 OF 02 141344Z

BEEF AND MEAT BOARDS, AND OVERLAND TRANSPORT DEVELOPMENT BOARD (I.E., PARTICIPATION IN TRANS-AFRICAN HIGHWAY).

6. COMMENT: THE LOGIC OF CHAD'S INVOLVEMENT IN UDEAC REMAINS OVERWHELMING. EVEN AS A NON-MEMBER, CHAD HAS RECEIVED MANY UDEAC BENEFITS, MAINTAINS SOME SIMILAR TARIFF STRUCTURES, AND CONTINUES TO ENGAGE IN SUBSTANTIAL TRADE WITH UDEAC MEMBERS. CHAD WILL LIKELY BE HARD PRESSED TO OBTAIN DESIRED CONCESSIONS FROM UDEAC COUNCIL UNLESS LATTER OVERTURNS RECOMMENDATIONS OF SECRETARIAT. THERE IS CONTINUED RESENTMENT OVER CHAD'S 1969 PULL-OUT, SATISFACTION AT THE RELATIVE SUCCESSES OF UDEAC IN CHAD'S ABSENCE, AND A GENERAL FEELING AT UDEAC THAT CHAD WOULD REPRESENT AN ECONOMIC LIABILITY TO THE UNION. STILL, GIVEN A DEGREE OF FLEXIBILITY ON BOTH SIDES AND A WILLINGNESS TO ACCEPT VAGUE ASSURANCES OF EQUITABLE TREATMENT RATHER THAN FORMAL ACCORDS, CHAD'S RE-ENTRY INTO UDEAC MAY YET BE ACHIEVED IN THE NEAR TO MEDIUM-RANGE FUTURE.

HMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBER ADMISSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BANGUI01721
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760346-0875
From: BANGUI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760964/aaaaccsv.tel
Line Count: 203
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 NDJAMENA 2092
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2004 by greeneet>; APPROVED <04 OCT 2004 by buchant0>; APPROVED <04 OCT 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHADIAN RE-ENTRY INTO UDEAC
TAGS: ETRD, PFOR, CD, CF, CT, GB, UDEAC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006